

E. Financial Analysis

KENMORE DOWNTOWN PLAN

PRELIMINARY FINANCIAL ANALYSIS

FEBRUARY 25, 2002

INTRODUCTION

The purpose of the financial analysis is to demonstrate the feasibility of development in the Kenmore Downtown Area, or to identify the economic conditions under which development would be feasible.

Four development options reflecting a mix of uses, development densities, and development forms have been prepared for evaluation.

The financial analysis for each option and each use is documented in this report. The report is organized in two additional sections.

Methods and Assumptions

Results and Conclusions

METHODS AND ASSUMPTIONS

The feasibility analysis compares the expected developer profit to the cost of development for each project component. In the case of rental projects, the developer profit is calculated as the capitalized value of the stabilized annual rental income stream, less the total development cost. In the case of condominium sales, the profit is calculated as the difference between sales proceeds and development costs. A project is considered feasible if developer profit falls in a range of 10 to 25 percent of development cost.

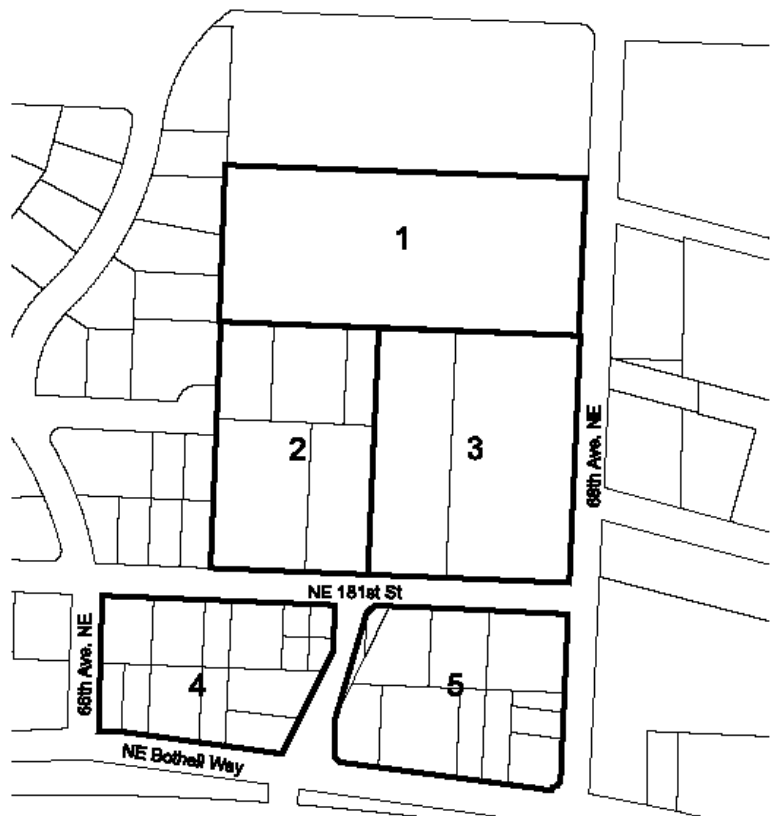
The analysis further provides an estimate of the necessary conditions for a project to be feasible with respect to three key assumptions – rent or sale price, building cost per square foot, and land price per square foot.

The projections are prepared for each of five areas within the Downtown as shown on the map on the following page.

Area 1 – The existing Park and Ride site.

Area 2 – The area between 181st and the Park and Ride, west of 67th (City Hall area).

Downtown Area Map



Area 3 – The area between 181st and the Park and Ride, east of 67th (Kenmore Village).

Area 4 – The area between 181st and SR 522 west of 67th.

Area 5 – The area between 181st and SR 522, east of 67th.

The analysis of each area under each option consists of the following elements, each representing a portion of a spreadsheet.

Project Description
 Cost and Income Assumptions
 Capital Cost Estimates
 Return on Investment
 Fiscal Analysis

The options, financial assumptions, and an example of the methodology are described below.

DESCRIPTION OF OPTIONS

The site area, building area, and number of residential units were taken from the Arai/Jackson drawings and other development parameters. The characteristics of the four options can be summarized as follows:

	A	B	C	D
Site Area (Acres)	17.8	17.8	17.8	17.8
Gross Building Area (SF)				
Residential	586,708	220,920	404,127	729,115
Retail	113,950	110,400	246,200	122,200
Office	26,500	21,500	12,200	27,168
Civic	46,500	54,500	54,500	46,500
Performing Arts		50,000		
Housing Units	450	205	380	652
Parking Spaces				
Surface	101	406	175	0
Structured*	1,310	783	1,587	1,671
*Includes 200 Park and Ride				
Plaza Area (SF)	41,500	64,575	38,974	19,874

The four options generally respond to the earlier market analysis. The results of that analysis are summarized in the following table:

Projected Demand 2000 - 2010

Northwest Quadrant Of Downtown	
Multifamily Residential	
Luxury	0 Units
High Amenity	100 – 150
Basic	30 – 45
Total	130 – 195
Retail	
Neighborhood Center	50,000 – 75,000 SF
Strip/Stand-Alone	10,000 – 20,000
Specialty	0
Mixed Use	20,000 – 30,000
Total	80,000 – 125,000
Office	
Local Serving	18,000 – 27,000 SF
Regional	0
Total	18,000 – 27,000

- The number of residential units in the options represents approximately 10 to 30 years projected absorption. Projects could be developed in increments of 50 to 70 units and be absorbed within a reasonable period.
- All options except C include a retail component that matches the market findings. The amount of retail space shown in Option C would probably only be supportable if there were a single large general merchandise retailer like Fred Meyer or Target. All options show a neighborhood retail center anchored by a grocery store.
- The office component is sized to match the market results.

FINANCIAL ASSUMPTIONS

Land Acquisition – The cost of acquiring land varies depending upon the quality and intensity of existing development as well as location. Generally, a vacant commercial site would be worth \$20 - \$25 per square foot depending on location, while a multifamily residential site would be worth less than \$10. However, much of the Downtown area is already developed. Areas 2 and 3 consist of general commercial structures, many somewhat dated, but most with contributing value. Areas 4 and 5 have a mix of general commercial structures, both old and new, and special purpose facilities like restaurants or

gas stations. Considering the mix of structures and applying average values for such structures, the land acquisition costs are estimated according to the following factors:

Area 1	\$8.50 per square foot
Areas 2 and 3	25 per square foot
Area 4	35 per square foot
Area 5	30 per square foot

Landscape Costs are assumed to be \$3.50 per square foot.

Plaza Costs for public plazas are assumed at \$25 per square foot.

Building Construction - is assumed at the following rates based on Marshall Valuation Service factors:

Residential for Rent	\$70/sq. ft.
Residential for Sale	\$75/sq. ft.
Retail	\$80/sq. ft.
Office	\$95/sq. ft.
Parking-private garage	\$11,000/space assuming 440 SF garage
Parking-shared garage	\$10,500 - \$12,000/space for under-building or multistory, respectively

Soft Costs - are assumed as a percent of construction costs or per unit:

A/E Fees	7%
Permits	.7%
Development Fees	\$2,900 – \$3,100
Developer Overhead	5%
Construction Interest	5% - 12.5%
Loan Fees	2% - 3%

Capitalization Rates - of 8.5 to 9.75 percent are used to translate the net income for the rental elements to project value.

Rents - are estimated on a per square foot per year triple net basis for retail and fully serviced basis for office and apartments as follows:

Retail	\$18 - \$21 for shops and \$9 for anchor grocery
Residential	\$16
Office	\$20

Sales Prices – for condominiums are assumed at \$160 to \$185 per square foot.

Vacancy Rates – for rental elements are assumed at 5%.

The cost of new and improved existing roadways is estimated, but not charged to new private development.

EXAMPLE OF METHODOLOGY

An example demonstrates how the analysis is structured. The following pages present the results for the analysis of Area 3 for Option A, a mixed use residential and retail project. Residential units are distinguished between townhouses, which are 2 story units with private entrances; and flats, which are single floor units with entry off a common interior corridor. As shown in the project information page, this component consists of 320,500 square feet of building area on a 4.6-acre site. The primary use is housing with 258 units provided in a mix of townhouse and flats condominiums, and apartment flats. 320 parking spaces are provided under the building. In general, the choice of type of unit is varied among the areas and uses to demonstrate the trade-offs among feasibility factors.

As shown in the third page, the total capital cost is \$38 million, with much of that being the cost for apartment flats. The fourth page shows the financial results and rate of return analysis. Overall, the rate of return is 8.4 percent, below the required return. The performance of individual uses varies however.

- Apartments do not generate sufficient income to support the cost of development in this scheme. As shown under the necessary conditions, this area would provide an adequate return on cost under any of the following conditions.

\$17.24/square foot rent (versus \$15.00) OR

\$61.93 including costs (versus \$70) OR

\$8.43 land value versus \$25.

- Condominiums do provide a profit to developers. As shown, townhouse condos generate a return of 27.7 percent. Condo flats generate a lower return, primarily because of the internal space required for corridors and circulation.
- The retail space shows an adequate return. However, no parking spaces are assigned to this use, and the development cost is low.

The fifth page shows the tax revenue that each use contributes as well as the total cost to the City of public facilities. As shown, the public investment in roads is projected to be \$1.1 million. The project would generate \$250,000 in one-time tax revenues, \$96,000 annually.

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
AREA 3**

PROJECT DESCRIPTION AND ASSUMPTIONS

PROJECT INFORMATION

	Apartments		Condos		Retail Shops	Total
	Townhouse	Flat	Townhouse	Flat		
Site Area (Acres)	-	3.1	0.2	1.2	0.2	4.6
Site Area (Square Feet)	-	134,390	7,051	50,700	8,235	200,376
Site Area Acquired (Square Feet)	-	134,390	7,051	50,700	8,235	200,376
Gross Building Area	-	217,047	9,680	81,882	11,900	320,509
Efficiency Rate	100%	85%	100%	85%	95%	
Net Building Area	-	184,490	9,680	69,600	11,305	275,075
Dwelling Units	-	190	8	60		258
Parking (Stalls)						
Private Garage			-			-
Surface					-	-
Structure	-	225	12	83		320
Off-Site Structure						-
Total	-	225	12	83	-	320
Public Roadway Allocation (Lineal feet)						
Existing	-	181	10	68	11	270
New	-	292	15	110	18	435
Landscaped Area (Square Feet)	-	27,000	1,500	10,000	1,500	40,000
Public Plaza (Square Feet)						

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
AREA 3**

CAPITAL COST ASSUMPTIONS

	Apartments		Condos		Retail Shops	Total
	Townhouse	Flat	Townhouse	Flat		
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00	
Site Development						
Surface Parking (/space)	1,125	1,125	1,125	1,125	1,125	
Landscaping (/SF)	3.50	3.50	3.50	3.50	3.50	
Public Plaza (\$/SF)						
Building Construction (\$/GSF)						
Shell	70.00	70.00	75.00	75.00	70.00	
Tenant Improvements					10.00	
Total	70.00	70.00	75.00	75.00	80.00	
Private Garage (\$/Space)	11,000	11,000	11,000	11,000	11,000	
Structure (\$/Space)	10,500	10,500	10,500	10,500	10,500	
Off-Site Structure (\$/Space)	12,000	12,000	12,000	12,000	12,000	
Public Roadway						
Existing Road Cost	-	468,289	24,571	176,665	28,695	698,220
% Private Funding	0%	0%	0%	0%	0%	
New Road Cost	-	130,570	6,851	49,258	8,001	194,680
% Private Funding	0%	0%	0%	0%	0%	
Soft Costs						
A/E (% of constr)	7.0%	7.0%	7.0%	7.0%	7.0%	
Permits (% of constr)	0.7%	0.7%	0.7%	0.7%	0.7%	
Traffic (/SF or /unit)	1,439	1,439	1,253	1,253	2.45	
Parks and School Fees (/Unit)	711	711	711	711		
Hook-up Fees (/SF or /Unit)	935	935	935	935	1.00	
Developer Overhead (%)	5.0%	5.0%	5.0%	5.0%	5.0%	
Constr Interest (% of Constr)	5.0%	5.0%	12.5%	12.5%	5.0%	
Marketing/Commissions (% of Rev.)					25.0%	
Loan Fees	3.0%	3.0%	2.0%	2.0%	3.0%	

INCOME ASSUMPTIONS

Rents (\$/nsf/yr.)	16.00	16.00			16.00
Expenses (\$/nsf/yr)	3.00	3.00			1.00
Vacancy Rate	5%	5%			5.0%
Parking Net Revenue (\$/space/mo.)	-	-	-	-	-
Sales Price (\$/nsf)			185.00	185.00	
Cost of Sales (% of Sales)			8.0%	8.0%	
Capitalization Rate	8.50%	8.50%			9.75%

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
AREA 3**

CAPITAL COST ESTIMATE

	Apartments		Condos		Retail Shops	Total
	Townhouse	Flat	Townhouse	Flat		
Land Acquisition	-	3,359,754	176,283	1,267,488	205,876	5,009,400
Construction						
Building	-	15,193,294	726,000	6,141,176	952,000	23,012,471
Landscaping	-	94,500	5,250	35,000	5,250	140,000
Public Plaza	-	-	-	-	-	-
Parking	-	-	-	-	-	-
Private Garage	-	-	-	-	-	-
Shared-Surface	-	-	-	-	-	-
Structure	-	2,362,500	126,000	871,500	-	3,360,000
Off-Site Structure	-	-	-	-	-	-
Roadway Cost Assignment	-	-	-	-	-	-
Subtotal	-	17,650,294	857,250	7,047,676	957,250	26,512,471
Soft Costs						
A/E Fees	-	1,235,521	60,008	493,337	67,008	1,855,873
Permits	-	127,082	6,172	50,743	6,892	190,890
Traffic Fees	-	273,410	10,024	75,180	29,155	387,769
Parks and School Fees	-	135,090	5,688	42,660	-	183,438
Hook-up Fees	-	177,650	7,480	56,100	11,900	253,130
Developer Overhead	-	882,515	42,863	352,384	47,863	1,325,624
Constr Interest	-	882,515	107,156	880,960	47,863	1,918,493
Marketing / Commissions	-	-	-	-	42,959	42,959
Loan Fees	-	529,509	17,145	140,954	28,718	716,325
Subtotal	-	4,243,291	256,535	2,092,318	282,356	6,874,500
Total Development Cost	-	25,253,339	1,290,068	10,407,482	1,445,482	38,396,371

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
AREA 3**

RETURN ON INVESTMENT

	Apartments		Condos		Retail Shops	Total
	Townhouse	Flat	Townhouse	Flat		
RENTAL REVENUE						
Gross Rents	-	2,951,840			180,880	3,132,720
Less Vacancy	-	147,592			9,044	156,636
Subtotal	-	2,804,248			171,836	2,976,084
Parking Revenue	-	-			-	-
Net Rental Revenue	-	2,804,248			171,836	2,976,084
RENTAL OPERATING EXPENSE	-	553,470			11,305	564,775
RENTAL OPERATING INCOME	-	2,250,778			160,531	2,411,309
CAPITALIZED VALUE	-	26,479,741			1,646,472	28,126,213
SALES REVENUE			1,790,800	12,876,000		14,666,800
COST OF SALES			143,264	1,030,080		1,173,344
NET SALES PROCEEDS			1,647,536	11,845,920		13,493,456
CAPITAL INVESTMENT	-	25,253,339	1,290,068	10,407,482	1,445,482	38,396,371
DEVELOPER PROFIT	-	1,226,403	357,468	1,438,438	200,990	3,223,298
PROFIT AS % OF INVESTMENT	#DIV/0!	4.9%	27.7%	13.8%	13.9%	8.4%
NECESSARY CONDITIONS						
Rental/Sales Rate	#DIV/0!	17.24	166.59	186.92	16.14	
Building Cost	#DIV/0!	61.93	87.12	74.40	79.48	
Land Price	#DIV/0!	8.43	45.22	22.90	23.33	

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
AREA 3**

FISCAL ANALYSIS

ASSUMPTIONS

	Apartments		Condos		Retail Shops	Total
	Townhouse	Flat	Townhouse	Flat		
TAX BASE ASSUMPTIONS						
Average Assessed Value (/SF)	100.00	100.00	110.00	110.00	80.00	
Average Retail Sales (/SF)	-	-	-	-	300.00	
% Taxable Retail Sales	-	-	-	-	95%	
Average Utilities (/SF)	1.00	1.00	1.00	1.00	1.00	
State Shared Revenues (\$/Dwelling Unit)	62.00	62.00	62.00	62.00		
ESTIMATED TAX BASE						
Assessed Valuation	-	18,449,000	1,064,800	7,656,000	904,400	28,074,200
Construction	-	17,650,294	857,250	7,047,676	957,250	26,512,471
Taxable Retail Sales	-	-	-	-	3,221,925	3,221,925
Utility Charges	-	184,490	9,680	69,600	11,305	275,075
Land Sale Proceeds	-	3,359,754	176,283	1,267,488	205,876	5,009,400
State Shared Revenues	-	11,780	496	3,720	-	15,996
CITY TAX RATES						
Property Tax (\$/1,000 AV)	1.85	1.85	1.85	1.85	1.85	
Retail Sales Tax	0.85%	0.85%	0.85%	0.85%	0.85%	
Utility Tax	6.0%	6.0%	6.0%	6.0%	6.0%	
Real Estate Excise	0.5%	0.5%	0.5%	0.5%	0.5%	

RESULTS

ANNUAL TAX REVENUES

Property Tax	-	34,131	1,970	14,164	1,673	51,937
Retail Sales Tax	-	-	-	-	27,386	27,386
Utility Tax	-	11,069	581	4,176	678	16,505
Business License						-
Fees and Fines						-
Total	-	45,200	2,551	18,340	29,738	95,828

ONE-TIME REVENUES

Sales Tax on Construction	-	150,028	7,287	59,905	8,137	225,356
Real Estate Excise on Site Sale	-	16,799	881	6,337	1,029	25,047
Subtotal	-	166,826	8,168	66,243	9,166	250,403

CITY INVESTMENT

Roads and Streets	-	766,539	40,220	289,182	46,971	1,142,912
Civic Center/Plaza						
Other Public Amenities						
Total	-	766,539	40,220	289,182	46,971	1,142,912

RESULTS AND CONCLUSIONS

The feasibility findings vary across uses and areas. The results are summarized in a series of tables on the following pages, one for each option. Each table summarizes the calculated return on cost and the conditions necessary for feasibility. Findings are presented below.

OPTION A

- Condominium townhouses are shown to be feasible in Area 1. The low cost of land acquisition is an important factor in this result.
- The housing shown in Area 2 is not feasible under the stated assumptions. Rental units generally provide lower return than condominiums, given prevailing rent levels. The condominium flats generally provide a lower return than townhouses because of the loss in building efficiency due to the requirements for lobbies, corridors, elevators, and stairways. The cost of land in this area is high for residential use. However, the necessary conditions for feasibility could reasonably be achieved within the next three to five years.
- The results in Area 3 are somewhat stronger than in Area 2. The flats achieve a higher density and therefore a lower average land cost per unit. The retail shows a strong return, but this is largely due to the fact that no parking cost is assigned to it.
- The results in Area 4 indicate that retail is not feasible under the current assumptions. The primary factor is the cost of land. While the cost of structured parking would normally be a factor, the land cost actually makes structured parking relatively cost effective. Further, the anchor grocery tenant typically has a very favorable lease rate. This would be offset by the higher rents paid by adjacent small shops. In this case, there is limited small shop space immediately adjacent. The required rents for highway retail of \$23 to \$24 are possible within the next five years.
- The retail shops and offices in Area 5 are not feasible given the high land cost. The land cost contributes to the higher Civic Center costs in this area as well.

OPTION B

- The rental flats in Area 1 meet the feasibility requirements. The lower land cost in this area makes this result possible.
- The Civic Center and Park and Ride uses have lower costs in Area 2 given the lower land cost compared to Areas 4 and 5 on SR 522. Retail development suffers from the cost of structured parking.

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS SUMMARY
OPTION A**

AREA 1

	Apartments		Condos	
	Townhouse	Flat	Townhouse	Flat
Assumptions				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	160.00	160.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00
Land Acquisition (\$/SF)	8.50	8.50	8.50	8.50
Return on Development Cost			24.3%	
Necessary Conditions for Feasibility				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)			148.00	
Building Construction (\$/GSF)			83.60	
Land Acquisition (\$/SF)			14.65	

AREA 2

	Apartments		Condos		Retail Shops
	Townhouse	Flat	Townhouse	Flat	
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	185.00	185.00	16.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00
Return on Development Cost		0.2%		8.6%	
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		17.89		195.97	
Building Construction (\$/GSF)		57.64		69.72	
Land Acquisition (\$/SF)		4.93		15.41	

AREA 3

	Apartments		Condos		Retail Shops
	Townhouse	Flat	Townhouse	Flat	
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	185.00	185.00	16.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00
Return on Development Cost		4.9%	27.7%	13.8%	13.9%
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		17.24	166.59	186.92	16.14
Building Construction (\$/GSF)		61.93	87.12	74.40	79.48
Land Acquisition (\$/SF)		8.43	45.22	22.90	23.33

AREA 4

	Neighborhood Center		Park and Ride		
	Anchor	Shops	Parking	Highway Retail	Highway Retail
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	9.00	20.00	-	21.00	21.00
Building Construction (\$/GSF)	60.00	80.00	-	80.00	80.00
Land Acquisition (\$/SF)	35.00	35.00	35.00	35.00	35.00
Return on Development Cost	-49.1%		0.0%	0.4%	-0.7%
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	20.34		-	23.90	24.16
Building Construction (\$/GSF)	(19.29)		-	62.11	59.26
Land Acquisition (\$/SF)	(67.97)		-	8.67	6.33

AREA 5

	Retail Shops	Office	Civic	
			Center	Highway Retail
Assumptions				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	20.00	-	21.00
Building Construction (\$/GSF)	80.00	90.00	180.00	80.00
Land Acquisition (\$/SF)	30.00	30.00	30.00	30.00
Return on Development Cost	-29%	-23%	0%	
Necessary Conditions for Feasibility				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	25.19	27.90	-	
Building Construction (\$/GSF)	56.40	61.70	-	
Land Acquisition (\$/SF)	(22.55)	(16.33)	-	

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS SUMMARY
OPTION B**

AREA 1

	Apartments		Condos	
	Townhouse	Flat	Townhouse	Flat
Assumptions				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	160.00	160.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00
Land Acquisition (\$/SF)	8.50	8.50	8.50	8.50
Return on Development Cost		11.3%	17.6%	3.6%
Necessary Conditions for Feasibility				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		16.43	156.50	177.65
Building Construction (\$/GSF)		67.78	77.97	66.28
Land Acquisition (\$/SF)		4.61	11.13	(4.78)

AREA 2

	Civic Center	Park and Ride	
		Parking	Retail Shops
Assumptions			
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	-	-	21.00
Building Construction (\$/GSF)	180.00	-	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00
Return on Development Cost	0.0%	0.0%	-9.9%
Necessary Conditions for Feasibility			
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	-	-	26.50
Building Construction (\$/GSF)	-	-	44.14
Land Acquisition (\$/SF)	-	-	(11.39)

AREA 3

	Civic Library	Performing Arts Center	Retail Shops
Assumptions			
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	-	-	16.00
Building Construction (\$/GSF)	180.00	300.00	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00
Return on Development Cost			
Necessary Conditions for Feasibility	0.0%	0.0%	-22.2%
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	-	-	23.14
Building Construction (\$/GSF)	-	-	34.19
Land Acquisition (\$/SF)	-	-	2.94

AREA 4

	Retail Shops	Office
Assumptions		
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	20.00
Building Construction (\$/GSF)	80.00	90.00
Land Acquisition (\$/SF)	35.00	35.00
Return on Development Cost	-26.6%	-28.5%
Necessary Conditions for Feasibility		
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	24.47	29.60
Building Construction (\$/GSF)	23.87	28.22
Land Acquisition (\$/SF)	5.37	0.54

AREA 5

	Neighborhood Center	
	Anchor	Shops
Assumptions		
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	9.00	20.00
Building Construction (\$/GSF)	60.00	80.00
Land Acquisition (\$/SF)	30.00	30.00
Return on Development Cost	-54.0%	-11.5%
Necessary Conditions for Feasibility		
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	22.51	25.67
Building Construction (\$/GSF)	(7.47)	43.15
Land Acquisition (\$/SF)	(16.93)	10.30

The Library has a lower cost in Area 3 given the lower land cost compared to Areas 4 and 5 on SR 522. Retail development suffers from the cost of structured parking.

- The retail shops and offices in Area 4 are not feasible given the high land cost.
- The results in Area 5 indicate that retail is not feasible under the current assumptions. The primary factor is the cost of land. While the cost of structured parking would normally be a factor, the land cost actually makes structured parking relatively cost effective. The required rents for highway retail of \$23 to \$24 are possible within the next five years.

OPTION C

- The flats in Area 1 show a higher return than the condominium flats in Option B because of the higher density and thus lower average land cost per unit. The necessary conditions for feasibility are within reasonable expectations in the next three to five years.
- The condominium flats don't meet feasibility thresholds in Area 2, but are within reasonable expectations within the next three to five years.
- The retail development in Area 3 doesn't meet the feasibility threshold largely because of the cost of parking. Further, the amount of retail space exceeds what is supportable by the market.
- The Area 4 development is the same as in Option A.
- The office and retail uses in Area 5 show a lower return than similar uses in Option A, even though the parking is provided in a surface lot. Given the cost of land in this area, the cost per space for surface and structure are comparable. However, the density is lower in this option.

OPTION D

- The Area 1 development is the same as in Option B.
- The financial performance of rental flats and condominium flats in Area 2 is comparable to that in other options.
- The financial performance of rental flats and condominium flats in Area 3 is comparable to that in other options.
- The Area 4 development is the same as in Option A.

- Area 5 features residential uses as well as commercial uses. These uses don't meet feasibility thresholds because of land costs, but the necessary conditions for townhouse rental feasibility are within reasonable expectations within the next 3 to 5 years.

SUMMARY OF CONCLUSIONS

The analysis of all four options supports the following general conclusions:

- Residential development shows strong financial performance. Condominiums show higher returns than rental projects, and townhouses show higher financial returns than flats. A mix of unit types will be necessary to meet the market demand.
- Office and most retail uses don't generate developer profit at prevailing rates if parking must be provided in a structure.
- The cost of land acquisition in Areas 4 and 5 make it difficult to achieve necessary feasibility conditions for virtually any private use. This cost will also contribute to overall higher costs for any public uses.
- The relatively low land acquisition cost at the existing Park and Ride makes the residential projects there attractive. Rental projects could be feasible with rental rates that are within realistic expectations for the next three to five years.

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS SUMMARY
OPTION C**

AREA 1

	Apartments		Condos	
	Townhouse	Flat	Townhouse	Flat
Assumptions				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	160.00	160.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00
Land Acquisition (\$/SF)	8.50	8.50	8.50	8.50
Return on Development Cost				5.0%
Necessary Conditions for Feasibility				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)				175.31
Building Construction (\$/GSF)				67.24
Land Acquisition (\$/SF)				(8.27)

AREA 2

	Apartments		Condos		Civic Center
	Townhouse	Flat	Townhouse	Flat	
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)			185.00	185.00	
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00	180.00
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00
Return on Development Cost				5.5%	
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)				201.64	
Building Construction (\$/GSF)				66.70	
Land Acquisition (\$/SF)				11.53	

AREA 3

	Retail Shops
Assumptions	
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00
Building Construction (\$/GSF)	80.00
Land Acquisition (\$/SF)	25.00
Return on Development Cost	-27.2%
Necessary Conditions for Feasibility	
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	24.65
Building Construction (\$/GSF)	36.23
Land Acquisition (\$/SF)	(25.02)

AREA 4

	Neighborhood Center		Park and Ride		
	Anchor	Shops	Parking	Highway Retail	Highway Retail
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	9.00	20.00	-	21.00	21.00
Building Construction (\$/GSF)	60.00	80.00	-	80.00	80.00
Land Acquisition (\$/SF)	35.00	35.00	35.00	35.00	35.00
Return on Development Cost	-49.1%		0.0%	0.4%	-0.7%
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	20.34		-	23.90	24.16
Building Construction (\$/GSF)	(19.29)		-	62.11	59.26
Land Acquisition (\$/SF)	(67.97)		-	8.67	6.33

AREA 5

	Retail Shops	Office	Highway Retail
Assumptions			
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	20.00	21.00
Building Construction (\$/GSF)	80.00	90.00	80.00
Land Acquisition (\$/SF)	30.00	30.00	30.00
Return on Development Cost		-32.8%	-16.2%
Necessary Conditions for Feasibility			
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		31.23	28.44
Building Construction (\$/GSF)		11.72	30.28
Land Acquisition (\$/SF)		2.90	12.50

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS SUMMARY
OPTION D**

AREA 1

	Apartments		Condos	
	Townhouse	Flat	Townhouse	Flat
Assumptions				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	15.00	160.00	160.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00
Land Acquisition (\$/SF)	8.50	8.50	8.50	8.50
Return on Development Cost		11.3%	17.6%	3.6%
Necessary Conditions for Feasibility				
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		16.43	156.50	177.65
Building Construction (\$/GSF)		67.78	77.97	66.28
Land Acquisition (\$/SF)		4.61	11.13	(4.78)

AREA 2

	Apartments		Condos		Retail Shops
	Townhouse	Flat	Townhouse	Flat	
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	16.00	185.00	185.00	
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00
Return on Development Cost		7.4%		15.9%	
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)		16.91		183.59	
Building Construction (\$/GSF)		64.12		76.09	
Land Acquisition (\$/SF)		9.56		26.97	

AREA 3

	Apartments		Condos		Retail Shops
	Townhouse	Flat	Townhouse	Flat	
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	16.00	15.00	185.00	185.00	16.00
Building Construction (\$/GSF)	70.00	70.00	75.00	75.00	80.00
Land Acquisition (\$/SF)	25.00	25.00	25.00	25.00	25.00
Return on Development Cost			21.6%	8.1%	8.0%
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)			174.90	196.84	16.96
Building Construction (\$/GSF)			82.44	69.20	74.80
Land Acquisition (\$/SF)			33.36	15.20	16.55

AREA 4

	Neighborhood Center		Park and Ride		
	Anchor	Shops	Parking	Highway Retail	Highway Retail
Assumptions					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	9.00	20.00	-	21.00	21.00
Building Construction (\$/GSF)	60.00	80.00	-	80.00	80.00
Land Acquisition (\$/SF)	35.00	35.00	35.00	35.00	35.00
Return on Development Cost	-49.1%		0.0%	0.4%	-0.7%
Necessary Conditions for Feasibility					
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	20.34		-	23.90	24.16
Building Construction (\$/GSF)	(19.29)		-	62.11	59.26
Land Acquisition (\$/SF)	(67.97)		-	8.67	6.33

AREA 5

	Retail Shops	Office	Civic	Highway Retail	Apartments	
			Center		Townhouse	Flat
Assumptions						
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	20.00	20.00	-	21.00	16.00	16.00
Building Construction (\$/GSF)	80.00	90.00	180.00	80.00	70.00	70.00
Land Acquisition (\$/SF)	30.00	30.00	30.00	30.00	30.00	30.00
Return on Development Cost	-8.7%	-23.0%	0.0%		1.6%	-3.3%
Necessary Conditions for Feasibility						
Rents or Sales Price (\$/nsf/yr. or \$/nsf)	24.92	27.79	-		17.69	18.43
Building Construction (\$/GSF)	92.14	72.89	-		63.59	53.97
Land Acquisition (\$/SF)	(12.39)	(38.95)	-		13.23	5.97

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
ALL USES

PROJECT DESCRIPTION AND ASSUMPTIONS

PROJECT INFORMATION

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Site Area (Acres)	4.8	2.6	4.6	2.6	3.2	17.8
Site Area (Square Feet)	206,910	113,256	200,376	113,256	139,392	773,190
Site Area Acquired (Square Feet)	206,910	113,256	200,376	113,256	139,392	773,190
Gross Building Area	132,480	145,619	320,509	75,750	99,310	773,668
Efficiency Rate						
Net Building Area	132,480	123,776	275,075	74,668	94,029	700,028
Dwelling Units	64	128	258	-	-	450
Parking (Stalls)						
Private Garage	64	-	-	-	-	64
Surface	19	82	-	-	-	101
Structure	-	156	320	770	-	1,246
Off-Site Structure	-	-	-	(270)	270	-
Total	83	238	320	500	270	1,411
Public Roadway Allocation (Lineal feet)						
Existing	-	140	270	675	395	1,480
New	450	435	435	-	-	1,320
Landscaped Area (Square Feet)	40,000	24,000	40,000	11,500	24,000	139,500
Public Plaza (Square Feet)	-	-	-	-	41,500	41,500

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
ALL USES

CAPITAL COST ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition (\$/SF)						
Site Development						
Surface Parking (/space)						
Landscaping (/SF)						
Public Plaza (\$/SF)						
Building Construction (\$/GSF)						
Shell						
Tenant Improvements						
Total						
Private Garage (\$/Space)						
Structure (\$/Space)						
Off-Site Structure (\$/Space)						
Public Roadway						
Existing Road Cost	-	362,040	698,220	906,770	706,770	2,673,800
% Private Funding						
New Road Cost	202,000	194,680	194,680	-	-	591,360
% Private Funding						
Soft Costs						
A/E (% of constr)						
Permits (% of constr)						
Traffic (/SF or /unit)						
Parks and School Fees (/Unit)						
Hook-up Fees (/SF or /Unit)						
Developer Overhead (%)						
Constr Interest (% of Constr)						
Marketing/Commissions (% of Rev.)						
Loan Fees						

INCOME ASSUMPTIONS

Rents (\$/nsf/yr.)
Expenses (\$/nsf/yr)
Vacancy Rate
Parking Net Revenue (\$/space/mo.)
Sales Price (\$/nsf)
Cost of Sales (% of Sales)
Capitalization Rate

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
ALL USES

CAPITAL COST ESTIMATE

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition						
Construction						
Building	9,936,000	10,557,365	23,012,471	4,978,000	12,859,800	61,343,635
Landscaping	140,000	84,000	140,000	40,250	84,000	488,250
Public Plaza	-	-	-	-	1,037,500	1,037,500
Parking	-	-	-	-	-	-
Private Garage	704,000	-	-	-	-	704,000
Shared-Surface	21,375	92,250	-	-	-	113,625
Structure	-	1,638,000	3,360,000	8,865,000	-	13,863,000
Off-Site Structure	-	-	-	(3,240,000)	3,240,000	-
Roadway Cost Assignment	-	-	-	-	-	-
Subtotal	10,801,375	12,371,615	26,512,471	10,643,250	17,221,300	77,550,010
Soft Costs						
A/E Fees	756,096	866,013	1,855,873	745,028	1,205,491	5,428,501
Permits	77,770	89,076	190,890	76,631	123,993	558,360
Traffic Fees	80,192	172,288	387,769	708,830	413,400	1,762,479
Parks and School Fees	45,504	91,008	183,438	-	-	319,950
Hook-up Fees	59,840	119,680	253,130	5,400	-	438,050
Developer Overhead	540,069	618,581	1,325,624	532,163	861,065	3,877,501
Constr Interest	1,350,172	1,096,168	1,918,493	842,738	861,065	6,068,635
Marketing / Commissions	-	-	42,959	102,580	203,268	348,807
Loan Fees	216,028	307,470	716,325	319,298	404,464	1,963,584
Subtotal	3,125,670	3,360,284	6,874,500	3,332,667	4,072,746	20,765,866
Total Development Cost	15,685,780	18,563,298	38,396,371	17,939,877	25,475,806	116,061,132

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
ALL USES**

RETURN ON INVESTMENT

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
RENTAL REVENUE						
Gross Rents	-	990,208	3,132,720	918,818	855,864	5,897,610
Less Vacancy	-	49,510	156,636	45,941	42,793	294,880
Subtotal	-	940,698	2,976,084	872,877	813,071	5,602,729
Parking Revenue	-	-	-	-	-	-
Net Rental Revenue	-	940,698	2,976,084	872,877	813,071	5,602,729
RENTAL OPERATING EXPENSE	-	185,664	564,775	20,568	119,079	890,086
RENTAL OPERATING INCOME	-	755,034	2,411,309	852,309	693,992	4,712,644
CAPITALIZED VALUE	-	8,882,748	28,126,213	8,741,632	7,214,423	52,965,017
SALES REVENUE	21,196,800	11,449,280	14,666,800	-	-	47,312,880
COST OF SALES	1,695,744	915,942	1,173,344	-	-	3,785,030
NET SALES PROCEEDS	19,501,056	10,533,338	13,493,456	-	-	43,527,850
CAPITAL INVESTMENT	15,685,780	18,563,298	38,396,371	17,939,877	9,755,946	100,341,272
DEVELOPER PROFIT	3,815,276	852,788	3,223,298	(4,576,170)	(2,541,523)	773,669
PROFIT AS % OF INVESTMENT	24.3%	4.6%	8.4%	-25.5%	0.0%	

NECESSARY CONDITIONS

Rental/Sales Rate
Building Cost
Land Price

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION A
ALL USES

FISCAL ANALYSIS

ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
TAX BASE ASSUMPTIONS						
Average Assessed Value (/SF)						
Average Retail Sales (/SF)						
% Taxable Retail Sales						
Average Utilities (/SF)						
State Shared Revenues (\$/Dwelling Unit)						
ESTIMATED TAX BASE						
Assessed Valuation	14,572,800	12,996,480	28,074,200	7,518,525	4,752,900	67,914,905
Construction	10,801,375	12,371,615	26,512,471	10,643,250	17,221,300	77,550,010
Taxable Retail Sales	-	-	3,221,925	14,869,388	5,623,763	23,715,075
Utility Charges	132,480	123,776	275,075	74,668	47,529	653,528
Land Sale Proceeds	1,758,735	2,831,400	5,009,400	3,963,960	4,181,760	17,745,255
State Shared Revenues	3,968	7,936	15,996	-	-	27,900
CITY TAX RATES						
Property Tax (\$/1,000 AV)						
Retail Sales Tax						
Utility Tax						
Real Estate Excise						
RESULTS						
ANNUAL TAX REVENUES						
Property Tax	26,960	24,043	51,937	13,909	11,178	128,028
Retail Sales Tax	-	-	27,386	126,390	47,802	201,578
Utility Tax	7,949	7,427	16,505	4,480	2,852	39,212
Business License	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Total	34,908	31,470	95,828	144,779	61,832	368,817
ONE-TIME REVENUES						
Sales Tax on Construction	91,812	105,159	225,356	90,468	146,381	659,175
Real Estate Excise on Site Sale	8,794	14,157	25,047	19,820	20,909	88,726
Subtotal	100,605	119,316	250,403	110,287	167,290	747,901
CITY INVESTMENT						
Roads and Streets	258,560	712,602	1,142,912	1,160,666	904,666	4,179,405
Civic Center/Plaza	-	-	-	-	-	-
Other Public Amenities	-	-	-	-	-	-
Total	258,560	712,602	1,142,912	1,160,666	904,666	4,179,405

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION B
ALL USES

PROJECT DESCRIPTION AND ASSUMPTIONS

PROJECT INFORMATION

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Site Area (Acres)	4.8	2.6	4.6	2.6	3.2	17.75
Site Area (Square Feet)	206,910	113,256	200,376	112,505	140,323	773,370
Site Area Acquired (Square Feet)	206,910	113,256	200,376	112,505	140,323	773,370
Gross Building Area	220,920	54,900	73,800	50,000	57,700	457,320
Efficiency Rate						
Net Building Area	194,586	54,380	73,110	46,425	57,520	426,021
Dwelling Units	205	-	-	-	-	205
Parking (Stalls)						
Private Garage	-	-	-	-	-	-
Surface	-	-	70	167	169	406
Structure	246	537	-	-	-	783
Off-Site Structure	-	(142)	23	-	119	-
Total	246	395	93	167	288	1,189
Public Roadway Allocation (Lineal feet)						
Existing	-	140	270	675	395	1,480
New	200	400	400	-	-	1,000
Landscaped Area (Square Feet)	45,000	19,000	27,000	6,000	16,000	113,000
Public Plaza (Square Feet)	-	21,500	43,075	-	-	64,575

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION B
ALL USES

CAPITAL COST ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition (\$/SF)						
Site Development						
Surface Parking (/space)						
Landscaping (/SF)						
Public Plaza (\$/SF)						
Building Construction (\$/GSF)						
Shell						
Tenant Improvements						
Total						
Private Garage (\$/Space)						
Structure (\$/Space)						
Off-Site Structure (\$/Space)						
Public Roadway						
Existing Road Cost	-	347,480	670,140	894,940	694,940	2,607,500
% Private Funding	0%					
New Road Cost	80,000	195,800	195,800	-	-	471,600
% Private Funding	0%					
Soft Costs						
A/E (% of constr)						
Permits (% of constr)						
Traffic (/SF or /unit)						
Parks and School Fees (/Unit)						
Hook-up Fees (/SF or /Unit)						
Developer Overhead (%)						
Constr Interest (% of Constr)						
Marketing/Commissions (% of Rev.)						
Loan Fees						

INCOME ASSUMPTIONS

Rents (\$/nsf/yr.)
Expenses (\$/nsf/yr)
Vacancy Rate
Parking Net Revenue (\$/space/mo.)
Sales Price (\$/nsf)
Cost of Sales (% of Sales)
Capitalization Rate

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION B
ALL USES

CAPITAL COST ESTIMATE

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition						
Construction						
Building	16,058,824	8,842,000	17,904,000	4,215,000	3,534,000	50,553,824
Landscaping	157,500	66,500	94,500	21,000	56,000	395,500
Public Plaza	-	537,500	1,076,875	-	-	1,614,375
Parking	-	-	-	-	-	-
Private Garage	-	-	-	-	-	-
Shared-Surface	-	-	78,750	187,875	190,125	456,750
Shared-Structured	2,583,000	6,444,000	-	-	-	9,027,000
Off-Site Structure	-	(1,704,000)	276,000	-	1,428,000	-
Roadway Cost Assignment	-	-	-	-	-	-
Subtotal	18,799,324	14,186,000	19,430,125	4,423,875	5,208,125	62,047,449
Soft Costs						
A/E Fees	1,315,953	993,020	1,360,109	309,671	364,569	4,343,321
Permits	135,355	102,139	139,897	31,852	37,499	446,742
Traffic Fees	275,093	238,190	320,610	172,595	457,850	1,464,338
Parks and School Fees	145,755	-	-	-	-	145,755
Hook-up Fees	191,675	-	13,800	-	-	205,475
Developer Overhead	939,966	709,300	971,506	221,194	260,406	3,102,372
Constr Interest	1,722,634	709,300	971,506	221,194	260,406	3,885,040
Marketing / Commissions	-	49,277	49,818	194,798	77,938	371,830
Loan Fees	459,624	322,285	400,675	132,716	156,244	1,471,544
Subtotal	5,186,055	3,123,511	4,227,921	1,284,019	1,614,911	15,436,417
Total Development Cost	25,744,113	20,140,911	28,667,446	9,645,561	11,032,719	95,230,751

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION B
ALL USES

RETURN ON INVESTMENT

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
RENTAL REVENUE						
Gross Rents	1,387,680	207,480	209,760	820,200	555,300	3,180,420
Less Vacancy	69,384	10,374	10,488	41,010	27,765	159,021
Subtotal	1,318,296	197,106	199,272	779,190	527,535	3,021,399
Parking Revenue	-	-	-	-	-	-
Net Rental Revenue	1,318,296	197,106	199,272	779,190	527,535	3,021,399
RENTAL OPERATING EXPENSE	260,190	9,880	13,110	104,475	3,420	391,075
RENTAL OPERATING INCOME	1,058,106	187,226	186,162	674,715	524,115	2,630,324
CAPITALIZED VALUE	12,448,306	1,920,267	1,909,354	6,998,494	5,375,538	28,651,959
SALES REVENUE	17,256,960	-	-	-	-	17,256,960
COST OF SALES	1,380,557	-	-	-	-	1,380,557
NET SALES PROCEEDS	15,876,403	-	-	-	-	15,876,403
CAPITAL INVESTMENT	25,744,113	20,140,911	28,667,446	9,645,561	11,032,719	95,230,751
DEVELOPER PROFIT	2,580,596	(210,330)	(543,746)	(2,647,067)	(5,657,181)	(6,477,729)
PROFIT AS % OF INVESTMENT	10.0%	-1.0%	-1.9%	-27.4%	-51.3%	-6.8%

NECESSARY CONDITIONS

Rental/Sales Rate
Building Cost
Land Price

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION B
ALL USES

FISCAL ANALYSIS

ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
TAX BASE ASSUMPTIONS						
Average Assessed Value (/SF)						
Average Retail Sales (/SF)						
% Taxable Retail Sales						
Average Utilities (/SF)						
State Shared Revenues (\$/Dwelling Unit)						
ESTIMATED TAX BASE						
Assessed Valuation	20,537,160	1,086,800	1,048,800	2,707,500	5,752,000	31,132,260
Construction	18,799,324	14,186,000	19,430,125	2,405,250	5,208,125	60,028,824
Taxable Retail Sales	-	2,815,800	3,736,350	6,430,313	9,738,750	22,721,213
Utility Charges	194,586	9,880	13,110	27,075	57,520	302,171
Land Sale Proceeds	1,758,735	2,831,400	5,009,400	2,296,442	4,209,683	16,105,660
State Shared Revenues	12,710	-	-	-	-	12,710

CITY TAX RATES

Property Tax (\$/1,000 AV)
 Retail Sales Tax
 Utility Tax
 Real Estate Excise

RESULTS

ANNUAL TAX REVENUES

Property Tax	37,994	2,011	1,940	5,009	10,641	57,595
Retail Sales Tax	-	23,934	31,759	54,658	82,779	193,130
Utility Tax	11,675	593	787	1,625	3,451	18,130
Business License	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Total	49,669	26,538	34,486	61,291	96,872	268,855

ONE-TIME REVENUES

Sales Tax on Construction	159,794	120,581	165,156	20,445	44,269	510,245
Real Estate Excise on Site Sale	8,794	14,157	25,047	11,482	21,048	80,528
Subtotal	168,588	134,738	190,203	31,927	65,317	590,773

CITY INVESTMENT

Roads and Streets	102,400	695,398	1,108,403	1,145,523	889,523	3,941,248
Civic Center/Plaza	-	14,005,020	4,528,560	-	-	18,533,580
Other Public Amenities	-	-	-	-	-	-
Total	102,400	14,700,419	5,636,963	1,145,523	889,523	22,474,828

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION C
ALL USES

PROJECT DESCRIPTION AND ASSUMPTIONS

PROJECT INFORMATION

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Site Area (Acres)	4.8	2.6	4.6	2.6	3.2	17.8
Site Area (Square Feet)	206,910	113,256	200,376	113,256	139,392	773,190
Site Area Acquired (Square Feet)	206,910	113,256	200,376	113,256	139,392	773,190
Gross Building Area	333,398	125,229	143,950	75,750	38,700	717,027
Efficiency Rate						
Net Building Area	283,388	114,620	136,753	74,668	38,700	648,128
Dwelling Units	308	72	-	-	-	380
Parking (Stalls)						
Private Garage	-	-	-	-	-	-
Surface	-	-	-	-	175	175
Structure	382	90	345	770	-	1,587
Off-Site Structure	-	145	125	(270)	-	-
Total	382	235	470	500	175	1,762
Public Roadway Allocation (Lineal feet)						
Existing	-	140	270	675	395	1,480
New	450	435	435	-	-	1,320
Landscaped Area (Square Feet)	40,000	32,000	1,500	11,500	28,000	113,000
Public Plaza (Square Feet)	-	19,100	19,874	-	-	38,974

**KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION C
ALL USES**

CAPITAL COST ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition (\$/SF)						
Site Development						
Surface Parking (/space)						
Landscaping (/SF)						
Public Plaza (\$/SF)						
Building Construction (\$/GSF)						
Shell						
Tenant Improvements						
Total						
Private Garage (\$/Space)						
Structure (\$/Space)						
Off-Site Structure (\$/Space)						
Public Roadway						
Existing Road Cost	-	362,040	698,220	906,770	706,770	2,673,800
% Private Funding	0%					
New Road Cost	202,000	194,680	194,680	-	-	591,360
% Private Funding	0%					
Soft Costs						
A/E (% of constr)						
Permits (% of constr)						
Traffic (/SF or /unit)						
Parks and School Fees (/Unit)						
Hook-up Fees (/SF or /Unit)						
Developer Overhead (%)						
Constr Interest (% of Constr)						
Marketing/Commissions (% of Rev.)						
Loan Fees						

INCOME ASSUMPTIONS

Rents (\$/nsf/yr.)
Expenses (\$/nsf/yr)
Vacancy Rate
Parking Net Revenue (\$/space/mo.)
Sales Price (\$/nsf)
Cost of Sales (% of Sales)
Capitalization Rate

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION C
ALL USES

CAPITAL COST ESTIMATE

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition						
Construction						
Building	25,004,824	15,114,706	11,516,000	4,978,000	3,218,000	59,831,529
Landscaping	140,000	112,000	5,250	40,250	98,000	395,500
Public Plaza	-	477,500	496,850	-	-	974,350
Parking	-	-	-	-	-	-
Private Garage	-	-	-	-	-	-
Shared-Surface	-	-	-	-	196,875	196,875
Structure	4,011,000	945,000	4,140,000	8,865,000	-	17,961,000
Off-Site Structure	-	1,740,000	1,500,000	(3,240,000)	-	-
Roadway Cost Assignment	-	-	-	-	-	-
Subtotal	29,155,824	18,389,206	17,658,100	10,643,250	3,512,875	79,359,254
Soft Costs						
A/E Fees	2,040,908	1,287,244	1,236,067	745,028	245,901	5,555,148
Permits	209,922	132,402	127,138	76,631	25,293	571,387
Traffic Fees	385,924	350,726	352,678	708,830	376,316	2,174,474
Parks and School Fees	218,988	51,192	-	-	-	270,180
Hook-up Fees	287,980	67,320	143,950	5,400	26,500	531,150
Developer Overhead	1,457,791	919,460	882,905	532,163	175,644	3,967,963
Constr Interest	3,644,478	1,391,338	882,905	842,738	175,644	6,937,102
Marketing / Commissions	-	-	519,660	102,580	190,119	812,359
Loan Fees	583,116	367,784	529,743	319,298	105,386	1,905,327
Subtotal	8,829,107	4,567,467	4,675,045	3,332,667	1,320,802	22,725,089
Total Development Cost	39,743,666	25,788,073	27,342,545	17,939,877	9,015,437	119,829,598

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION C
ALL USES

RETURN ON INVESTMENT

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
RENTAL REVENUE						
Gross Rents	-	-	2,188,040	918,818	800,500	3,907,358
Less Vacancy	-	-	109,402	45,941	40,025	195,368
Subtotal	-	-	2,078,638	872,877	760,475	3,711,990
Parking Revenue	-	-	-	-	-	-
Net Rental Revenue	-	-	2,078,638	872,877	760,475	3,711,990
RENTAL OPERATING EXPENSE	-	-	136,753	20,568	75,300	232,620
RENTAL OPERATING INCOME	-	-	1,941,886	852,309	685,175	3,479,370
CAPITALIZED VALUE	-	-	19,916,774	8,741,632	7,076,829	35,735,235
SALES REVENUE	45,342,080	11,122,200	-	-	-	56,464,280
COST OF SALES	3,627,366	889,776	-	-	-	4,517,142
NET SALES PROCEEDS	41,714,714	10,232,424	-	-	-	51,947,138
CAPITAL INVESTMENT	39,743,666	25,788,073	27,342,545	17,939,877	9,015,437	119,829,598
DEVELOPER PROFIT	1,971,048	534,274	(7,425,771)	(4,576,170)	(1,938,609)	(11,435,228)
PROFIT AS % OF INVESTMENT	5.0%	2.1%	-27.2%	-25.5%	0.0%	

NECESSARY CONDITIONS

Rental/Sales Rate

Building Cost

Land Price

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION C
ALL USES

FISCAL ANALYSIS

ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
TAX BASE ASSUMPTIONS						
Average Assessed Value (/SF)						
Average Retail Sales (/SF)						
% Taxable Retail Sales						
Average Utilities (/SF)						
State Shared Revenues (\$/Dwelling Unit)						
ESTIMATED TAX BASE						
Assessed Valuation	31,172,680	6,613,200	10,940,200	7,518,525	3,340,000	59,584,605
Construction	29,155,824	18,389,206	17,658,100	10,643,250	3,512,875	79,359,254
Taxable Retail Sales	-	-	38,974,463	14,869,388	7,552,500	61,396,350
Utility Charges	283,388	60,120	136,753	74,668	38,700	593,628
Land Sale Proceeds	1,758,735	2,831,400	5,009,400	3,963,960	4,181,760	17,745,255
State Shared Revenues	19,096	4,464	-	-	-	23,560

CITY TAX RATES

Property Tax (\$/1,000 AV)
Retail Sales Tax
Utility Tax
Real Estate Excise

RESULTS

ANNUAL TAX REVENUES

Property Tax	57,669	12,234	20,239	13,909	7,399	111,452
Retail Sales Tax	-	-	331,283	126,390	64,196	521,869
Utility Tax	17,003	3,607	8,205	4,480	2,322	35,618
Business License	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Total	74,673	15,842	359,727	144,779	73,917	668,938

ONE-TIME REVENUES

Sales Tax on Construction	247,825	156,308	150,094	90,468	29,859	674,554
Real Estate Excise on Site Sale	8,794	14,157	25,047	19,820	20,909	88,726
Subtotal	256,618	170,465	175,141	110,287	50,768	763,280

CITY INVESTMENT

Roads and Streets	258,560	712,602	1,142,912	1,160,666	904,666	4,179,405
Civic Center/Plaza	-	16,089,923	496,850	-	-	16,586,773
Other Public Amenities	-	-	-	-	-	-
Total	258,560	16,802,525	1,639,762	1,160,666	904,666	20,766,178

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION D
ALL USES

PROJECT DESCRIPTION AND ASSUMPTIONS

PROJECT INFORMATION

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Site Area (Acres)	4.8	2.6	3.3	2.6	4.5	17.75
Site Area (Square Feet)	206,910	113,256	143,748	113,256	196,020	773,190
Site Area Acquired (Square Feet)	206,910	113,256	143,748	113,256	196,020	773,190
Gross Building Area	220,920	233,186	172,906	75,750	221,571	924,333
Efficiency Rate						
Net Building Area	194,586	198,208	148,708	74,668	199,542	815,711
Dwelling Units	205	205	150	-	92	652
Parking (Stalls)						
Private Garage	-	-	-	-	-	-
Surface	-	-	-	-	-	-
Structure	246	253	188	874	110	1,671
Off-Site Structure	-	-	-	(374)	374	-
Total	246	253	188	500	484	1,671
Public Roadway Allocation (Lineal feet)						
Existing	-	145	285	535	255	1,220
New	200	200	200	-	-	600
Landscaped Area (Square Feet)	45,000	22,000	28,000	11,500	51,000	157,500
Public Plaza (Square Feet)	-	-	-	-	19,874	19,874

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION D
ALL USES

CAPITAL COST ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition (\$/SF)						
Site Development						
Surface Parking (/space)						
Landscaping (/SF)						
Public Plaza (\$/SF)						
Building Construction (\$/GSF)						
Shell						
Tenant Improvements						
Total						
Private Garage (\$/Space)						
Structure (\$/Space)						
Off-Site Structure (\$/Space)						
Public Roadway						
Existing Road Cost	-	330,310	649,230	780,890	580,890	2,341,320
% Private Funding	0%					
New Road Cost	80,000	80,000	80,000	-	-	240,000
% Private Funding	0%					
Soft Costs						
A/E (% of constr)						
Permits (% of constr)						
Traffic (/SF or /unit)						
Parks and School Fees (/Unit)						
Hook-up Fees (/SF or /Unit)						
Developer Overhead (%)						
Constr Interest (% of Constr)						
Marketing/Commissions (% of Rev.)						
Loan Fees						

INCOME ASSUMPTIONS

Rents (\$/nsf/yr.)
Expenses (\$/nsf/yr)
Vacancy Rate
Parking Net Revenue (\$/space/mo.)
Sales Price (\$/nsf)
Cost of Sales (% of Sales)
Capitalization Rate

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION D
ALL USES

CAPITAL COST ESTIMATE

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
Land Acquisition	1,758,735	2,831,400	3,593,700	3,963,960	5,880,600	18,028,395
Construction						
Building	16,058,824	16,687,059	12,982,235	4,978,000	21,597,826	72,303,944
Landscaping	157,500	77,000	98,000	40,250	178,500	551,250
Public Plaza	-	-	-	-	496,850	496,850
Parking	-	-	-	-	-	-
Private Garage	-	-	-	-	-	-
Shared-Surface	-	-	-	-	-	-
Structure	2,583,000	2,656,500	1,974,000	10,113,000	1,156,248	18,482,748
Off-Site Structure	-	-	-	(4,488,000)	4,488,000	-
Roadway Cost Assignment	-	-	-	-	-	-
Subtotal	18,799,324	19,420,559	15,054,235	10,643,250	27,917,424	91,834,791
					-	
Soft Costs						
A/E Fees	1,315,953	1,359,439	1,053,796	745,028	1,954,220	6,428,435
Permits	135,355	139,828	108,390	76,631	201,005	661,210
Traffic Fees	275,093	283,091	194,933	708,830	589,749	2,051,695
Parks and School Fees	145,755	145,755	106,650	-	65,412	463,572
Hook-up Fees	191,675	191,675	143,100	5,400	86,020	617,870
Developer Overhead	939,966	971,028	752,712	532,163	1,395,871	4,591,740
Constr Interest	1,722,634	1,443,843	1,864,417	842,738	1,395,871	7,269,503
Marketing / Commissions	-	-	10,289	102,580	299,754	412,623
Loan Fees	459,624	519,575	303,400	319,298	730,754	2,332,650
Subtotal	5,186,055	5,054,234	4,537,686	3,332,667	6,718,657	24,829,299
Total Development Cost	25,744,113	27,306,193	23,185,622	17,939,877	40,516,680	134,692,485

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION D
ALL USES

6,870,436

RETURN ON INVESTMENT

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
RENTAL REVENUE						
Gross Rents	1,387,680	2,181,120	43,320	918,818	2,701,100	7,232,038
Less Vacancy	69,384	109,056	2,166	45,941	135,055	361,602
Subtotal	1,318,296	2,072,064	41,154	872,877	2,566,045	6,870,436
Parking Revenue	-	-	-	-	-	-
Net Rental Revenue	1,318,296	2,072,064	41,154	872,877	2,566,045	6,870,436
RENTAL OPERATING EXPENSE	260,190	408,960	2,708	20,568	406,268	1,098,693
RENTAL OPERATING INCOME	1,058,106	1,663,104	38,447	852,309	2,159,777	5,771,743
CAPITALIZED VALUE	12,448,306	19,565,929	394,323	8,741,632	23,905,485	65,055,675
SALES REVENUE	17,256,960	11,449,280	27,010,000	-	-	55,716,240
COST OF SALES	1,380,557	915,942	2,160,800	-	-	4,457,299
NET SALES PROCEEDS	15,876,403	10,533,338	24,849,200	-	-	51,258,941
CAPITAL INVESTMENT	25,744,113	27,306,193	23,185,622	17,939,877	40,516,680	134,692,485
DEVELOPER PROFIT	2,580,596	2,793,074	2,057,901	(4,576,170)	(2,236,225)	619,176
PROFIT AS % OF INVESTMENT	10.0%	10.2%	8.9%	-25.5%	-5.5%	

NECESSARY CONDITIONS

Rental/Sales Rate
 Building Cost
 Land Price

KENMORE DOWNTOWN PLAN
FINANCIAL ANALYSIS
OPTION D
ALL USES

FISCAL ANALYSIS

ASSUMPTIONS

	Area 1	Area 2	Area 3	Area 4	Area 5	Total
TAX BASE ASSUMPTIONS						
Average Assessed Value (/SF)						
Average Retail Sales (/SF)						
% Taxable Retail Sales						
Average Utilities (/SF)						
State Shared Revenues (\$/Dwelling Unit)						

ESTIMATED TAX BASE

Assessed Valuation	20,537,160	20,439,680	16,276,600	7,518,525	15,304,220	80,076,185
Construction	18,799,324	19,420,559	15,054,235	10,643,250	27,917,424	91,834,791
Taxable Retail Sales	-	-	771,638	14,869,388	9,180,563	24,821,588
Utility Charges	194,586	198,208	148,708	74,668	153,042	769,211
Land Sale Proceeds	1,758,735	2,831,400	3,593,700	3,963,960	5,880,600	18,028,395
State Shared Revenues	12,710	12,710	9,300	-	5,704	40,424

CITY TAX RATES

Property Tax (\$/1,000 AV)
Retail Sales Tax
Utility Tax
Real Estate Excise

RESULTS

ANNUAL TAX REVENUES

Property Tax	37,994	37,813	30,112	13,909	30,758	150,586
Retail Sales Tax	-	-	6,559	126,390	78,035	210,983
Utility Tax	11,675	11,892	8,922	4,480	9,183	46,153
Business License	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Total	49,669	49,706	45,593	144,779	117,975	407,722

ONE-TIME REVENUES

Sales Tax on Construction	159,794	165,075	127,961	90,468	237,298	780,596
Real Estate Excise on Site Sale	8,794	14,157	17,969	19,820	29,403	90,142
Subtotal	168,588	179,232	145,930	110,287	266,701	870,738

CITY INVESTMENT

Roads and Streets	102,400	525,197	933,414	999,539	743,539	3,304,090
Civic Center/Plaza	-	-	-	-	14,374,971	14,374,971
Other Public Amenities	-	-	-	-	-	-
Total	102,400	525,197	933,414	999,539	15,118,510	17,679,061



Northwest Quadrant Alternative A

This map is intended for planning purposes only and is not guaranteed to show accurate measurement.

Source: Arai/Jackson Architects and Planners



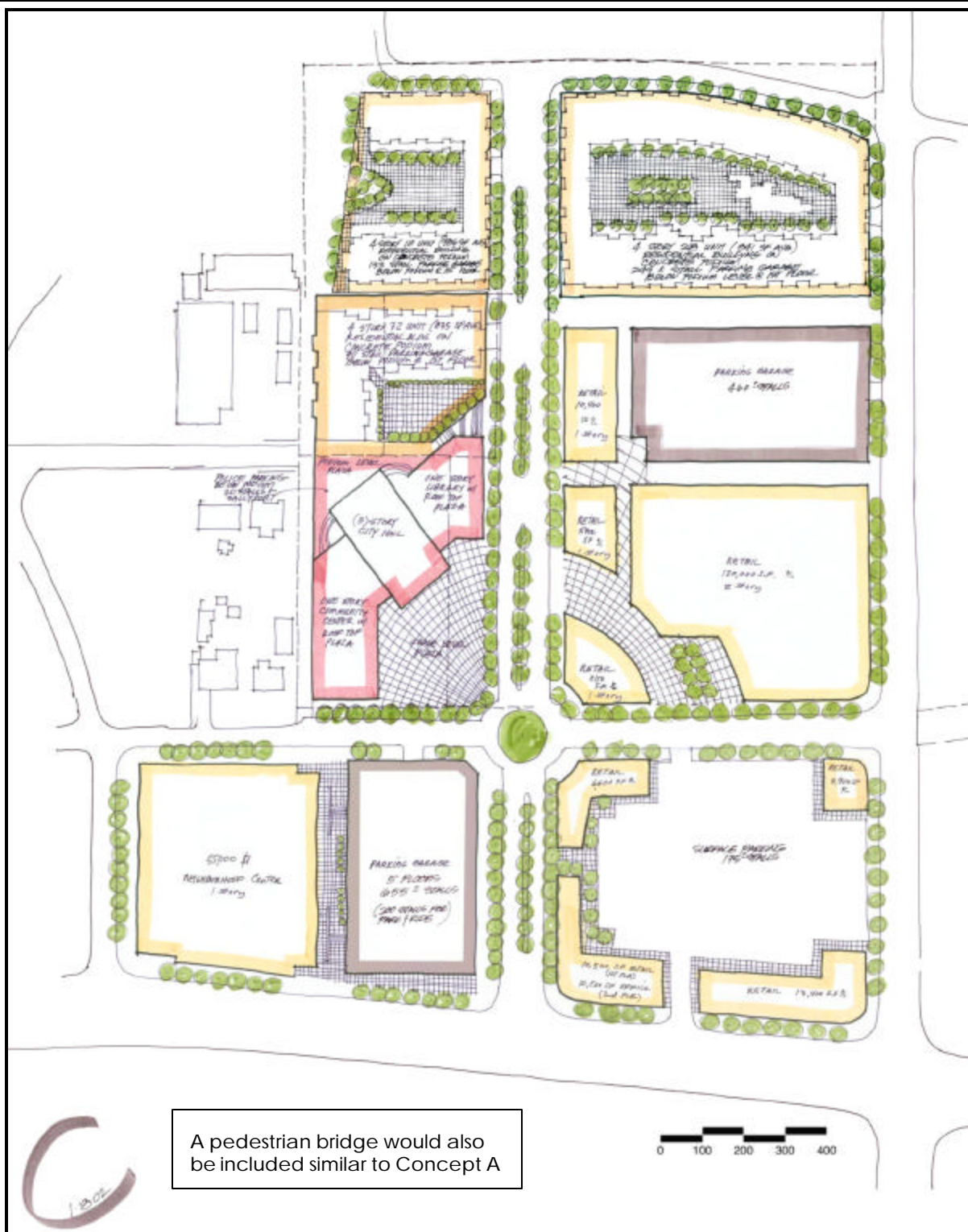
Jones & Stokes

July 2002

Figure E-1



Figure E-2



Northwest Quadrant Alternative C

This map is intended for planning purposes only and is not guaranteed to show accurate measurement.

Source: Arai/Jackson Architects and Planners



Jones & Stokes

July 2002

Figure E-3



Northwest Quadrant Alternative D

This map is intended for planning purposes only and is not guaranteed to show accurate measurement.

Source: Arai/Jackson Architects and Planners



Jones & Stokes

July 2002

Figure E-4